

**Before the
Public Service Commission of South Carolina
Docket No. 2014-4-G**

**Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies
of
Piedmont Natural Gas Company, Inc.**

**Supplemental and Rebuttal Testimony
of
Robert L. Thornton**

**On Behalf Of
Piedmont Natural Gas Company, Inc.**



June 25, 2014

1 **Q. Mr. Thornton, please state your name, business address, and**
2 **occupation.**

3 A. My name is Robert L. Thornton. My business address is 4720 Piedmont
4 Row Drive, Charlotte, North Carolina. I am the Managing Director of Gas
5 and Regulatory Accounting for Piedmont Natural Gas Company
6 (“Piedmont” or the “Company”).

7 **Q. Are you the same Robert L. Thornton who prefiled direct testimony in**
8 **this docket on June 4, 2014?**

9 A. Yes, I am.

10 **Q. Mr. Thornton, have you previously testified before this Commission or**
11 **any other regulatory authority?**

12 A. Yes, I have previously testified before this Commission and other regulatory
13 authorities on a number of occasions.

14 **Q. What is the purpose of your supplemental and rebuttal testimony in**
15 **this proceeding?**

16 A. The purpose of my Supplemental and Rebuttal Testimony is to advise the
17 Commission of the status of a curtailment billing matter that is under
18 discussion and review between Piedmont and the ORS.

19 **Q. Can you please describe the curtailment billing matter under discussion**
20 **between Piedmont and ORS?**

21 A. Yes. In January of this year, the State of South Carolina experienced
22 extreme cold weather conditions on several occasions due to the polar
23 vortex events during that month. Piedmont experienced very high demand

1 for natural gas during that month and for several days during that period
2 Piedmont curtailed service to a number of its interruptible customers to
3 ensure its ability to meet its firm sales and transportation service obligations.
4 In response to our curtailment of interruptible service, two of our
5 interruptible customers requested reduced quantities of Emergency Service
6 as provided for pursuant to the terms of our Rate Schedule 206. Piedmont's
7 engineers approved that service and Piedmont provided it. One of these
8 customers also took a small quantity of Unauthorized Gas during
9 curtailment. The service provided to these two customers is set out below:

	Emergency Service	Unauthorized Gas	Total
Cust. 1	62.2 dts	0	62.2 dts
Cust. 2	1084.8 dts	559.9 dts	1,644.7 dts

10
11 **Q. What is the billing issue associated with this service?**

12 A. When Piedmont billed these customers, it determined that the billing
13 structure set out in Rate Schedule 206 would be unduly burdensome and
14 highly punitive to the two customers who received Emergency Service. In
15 each instance, these customers were requested by Piedmont to supply their
16 own gas to Piedmont's system as a condition of receiving Emergency
17 Service and in each case these customers complied with that request.
18 Because of this fact, Piedmont did not bill these customers for the
19 commodity component of Rate Schedule 206 charges because these
20 customers supplied their own gas. In Piedmont's view, charging these
21 Emergency Service customers for the commodity component of Rate

1 Schedule 206 would be unfair because Piedmont supplied no gas to these
2 customers. Piedmont did, however, charge these customers with all other
3 applicable components of its Rate Schedule 206 charges applicable to
4 Emergency Service.

5 **Q. What about the single customer who took Unauthorized Gas?**

6 A. Due to the unusual weather conditions and extremely high commodity index
7 prices, Piedmont initially billed this customer a modified commodity
8 component rate under Rate Schedule 206. This decision was made in the
9 context of a highly volatile service month in which Piedmont was working
10 very hard to maintain firm services to its customers and to maximize the
11 provision of service to interruptible customers under reasonable terms and
12 conditions. Piedmont has since concluded that this was in error and has
13 initiated the process of rebilling this customer for this Unauthorized Gas
14 based upon a straight application of Rate Schedule 206.

15 **Q. What is the status of Piedmont's interaction with ORS regarding these**
16 **transactions?**

17 A. Piedmont has had several conversations with ORS about these matters but
18 ORS has not had sufficient time to complete their investigation and analysis
19 of this situation at this time. Piedmont and ORS have agreed to continue
20 their discussions about this matter and to file a subsequent report for the
21 Commission's approval on this subject. Completion of this process,
22 including Commission approval, will require a small prior period adjustment

1 to Piedmont's deferred account for inclusion in the current deferred account
2 reporting period.

3 **Q. Does this conclude your testimony?**

4 A. Yes it does.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached document is being served this date via email and UPS Overnight (via email and U.P.S. Overnight) upon:

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This the 25th day of June 2014.

s/ James H. Jeffries IV
James H. Jeffries IV